

INTERNAL REVENUE SERVICE

District
Director

Department of the Treasury

Employer Identification Number:

Person to Contact:

Telephone Number:

Refer Reply to:

Internal Revenue Service

CERTIFIED

Date: APR 7 1993

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on under the not for profit laws of the State of .

The following statement appears in your Articles of Incorporation:

The purpose or purposes for which the Corporation is organized are exclusively for purposes within the meaning of sections 501(c)(6) of the Internal Revenue Code:

(a) To act as a small trade association for contractors in the Metropolitan Area and, as such, to perform for its members those services which can better be performed as a group than separately; and

(b) To do any and all lawful acts and things to help the construction industry better serve the Metropolitan Area and to promote any legitimate common interest of its members.

Membership in your organization is limited to enterprises in the construction business or related fields.

The following activities constitute the more substantial activities conducted by your organization:

- [REDACTED]
1. Marketing of member firms capabilities to corporations and public sector agencies for the expressed purpose of increasing contracting opportunities for members;
 2. Providing members access to timely information on current and future contracting opportunities as well as complimentary plans received in your plan room;
 3. Developing business assistance services for [REDACTED] contractors and related professionals utilizing the [REDACTED] network;
 4. Making referrals of [REDACTED] members to general contractors, corporations, and governmental agencies for the purpose of obtaining contracting opportunities/awards;
 5. Conducting a membership drive to attract new members through the use of various means and events;
 6. Marketing and promoting members at the level of press, radio, and the television media;
 7. Facilitating access to available business resources inclusive of, but not limited to business development, educational and informational, bonding, financing and advocacy.

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

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"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder.

The applicable Income Tax Regulations provide that organizations contemplated by Section 501(c)(6) of the 1986 Code are those whose activities are directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individuals. Therefore, an organization which directs a substantial portion of its overall activities to the issuance of advertising material containing listings of the names of individuals may be precluded thereby from qualification for exemption under Section 501(c)(6) of the Code.

Revenue Ruling 56-65, 1956-1, C.B. 199, held that a local organization whose principal activity consists of furnishing particular information and specialized individual service to its individual members engaged in a particular industry through publications and other means to effect economics in the operation of their individual businesses is performing particular services for individual persons. Such organization is not entitled to exemption from under section 501(c)(6) of the Internal Revenue Code as a business league even though it performs functions which are of benefit to the particular industry and the public generally.

On the basis of the information provided in your application, the principal activity of your organization consists of furnishing particular services to individual members designed to increase their business opportunities and to effect economies in their pursuit of new contracts and in the operation of their individual businesses. You are not directed to the improvement of business conditions of the construction and related fields, but your organization has been created and is operated to provide services to individual members by marketing and promoting their capabilities.

Accordingly, we conclude that your organization is similar to the one described in Revenue Ruling 56-65, and therefore, is not entitled to exemption from Federal income tax under Section 501(c)(6) of the Code.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

You are required to file Federal Income Tax Returns.

If we do not hear from you within 30 days from the date of this letter, this determination will become final.

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

Sincerely yours,



District Director

Enclosures:
Publication 892
Form 6018